



Risk Management and Audit Committee (RMAC) BUSINESS PAPER THURSDAY 29/08/2024

Meeting to be held commencing 9:30am
In the Council Chambers at 7 Bees Creek Road, Freds Pass

A handwritten signature in black ink, appearing to read 'S. Hoyne'.

Stephen Hoyne, Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



RMAC AGENDA

LITCHFIELD COUNCIL RMAC MEETING

Notice of Meeting
to be held in the Council Chambers, Litchfield
on Thursday, 29 August 2024 at 9:30am


Stephen Hoynes
Chief Executive Officer

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1. Opening of meeting

2. Apologies and Leaves of Absence

3. Disclosure of Interests

Any member of the RMAC who may have a conflict of interest, or a possible conflict of interest regarding any item of business to be discussed at the RMAC meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

4. Confirmation of Minutes

THAT the full minutes of the open portion of the Risk Management Audit Committee Meeting held Thursday 30 May 2024, 7 pages, be confirmed.



RISK MANAGEMENT AND AUDIT COMMITTEE

MINUTES

LITCHFIELD COUNCIL COMMITTEE MEETING

Minutes of Meeting

held in the Council Chambers, Litchfield
on Thursday 30 May 2024 at 9.30am

Present	Greg Arnott	Chairperson
	Shane Smith	Independent Member
	Cr Mark Sidey	Committee Member
	Cr Mathew Salter	Committee Member
	Mayor Doug Barden	Ex-Officio
Staff	Stephen Hoyne	Chief Executive Officer
	Maxie Smith	Director Corporate and Community
	Rodney Jessup	Director Infrastructure and Operations
	Rebecca Taylor	Program Leader Policy and Governance
	Megan Leo	Executive Support
Presenters	Heather Martens	Director, KPMG (<i>electronically in part</i>)
	Shirley Yam	Manager Enterprise, KPMG (<i>electronically in part</i>)

1. OPENING OF THE MEETING

The Chairperson, Greg Arnott opened the Meeting at 9:32am.

2. APOLOGIES AND LEAVE OF ABSENCE

Nil.

3. DISCLOSURES OF INTEREST

Chairperson, Mr Greg Arnott, declared the following disclosure of interest:

- Chief Executive Officer at Machado Joseph Disease (MJD) Foundation.

5. BUSINESS ARISING FROM THE MINUTES

Moved: Cr Sidey
Seconded: Chairperson Greg Arnott

THAT the Risk Management and Audit Committee receives and notes the Action Sheet.

CARRIED (2-0)

6. PRESENTATIONS

Moved: Chairperson Greg Arnott
Seconded: Independent Member Shane Smith

THAT Pursuant to Section 93 of the *NT Local Government Act 2019* and Regulation 51 of *Local Government (General) Regulations* the meeting be closed to the public to receive a presentation from KPMG representatives and to consider the following Confidential Items:

10.04 Risk Management Framework Audit Report

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(e) subject to subregulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest

CARRIED (3-0)

Cr Salter joined the meeting at 9:38am

The meeting was closed to the public at 9:38am.

Moved: Cr Salter
Seconded: Independent Member Shane Smith

THAT Pursuant to Section 93(2) of the *NT Local Government Act 2019* and Regulation 51(1) of *Local Government (General) Regulations* the meeting be re-opened to the public.

CARRIED (4-0)

The meeting was re-opened to the public at 10:22am.

4. CONFIRMATION OF MINUTES

Moved: Cr Sidey
Seconded: Cr Salter

THAT the full minutes of the open portion of the Risk Management and Audit Committee Meeting held Thursday 29 February 2024, 7 pages, be confirmed.

CARRIED (4-0)

7. ACCEPTING OR DECLINING LATE ITEMS

Nil.

8. OFFICERS REPORTS

8.1 Internal Audit Plan

Moved: Cr Sidey
Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee receive and note the progress on the internal audits.

CARRIED (4-0)

8.2 FIN08 Risk Management Policy

Moved: Cr Salter
Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee endorse the draft FIN08 Risk Management Policy, at Attachment A, for presentation to the June Ordinary Council Meeting.

CARRIED (4-0)

9. OTHER BUSINESS

9.1 Engagement of External Auditors

Moved: Chairperson Greg Arnott
Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee:

1. request that the policy relating to the appointment of external auditors be brought to the 29 August 2024 RMAC meeting for review; and
2. request Management investigate if there should be provision in the policy for exclusion for appointment of auditors for other Council work.

CARRIED (4-0)

9.2 Succession Planning

Cr Salter asked what Council currently has in place for CEO succession should something unforeseen eventuate.

The Committee discussed that there is provision to address these circumstances under the *NT Local Government Act 2019*.

10. CONFIDENTIAL ITEMS

Moved: Cr Salter
Seconded: Independent Member Shane Smith

THAT Pursuant to Section 93 of the *NT Local Government Act 2019* and Regulation 51 of *Local Government (General) Regulations* the meeting be closed to the public to consider the following Confidential Items:

10.1 Confirmation of Confidential Minutes

- (d) information subject to an obligation of confidentiality at law, or in equity.

10.2 Local Government Compliance Review 2022 – Audit Close Out

- (a) information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual.

10.3 Interim Audit Report

- (e) subject to subregulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

10.4 Risk Management Framework Audit Report

- (e) subject to subregulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

CARRIED (4-0)

The meeting was closed to the public at 11:06am.

Moved: Independent Member Shane Smith
Seconded: Cr Salter

THAT Pursuant to Section 93(2) of the *NT Local Government Act 2019* and Regulation 51(1) of *Local Government (General) Regulations* the meeting be re-opened to the public.

CARRIED (4-0)

The meeting returned to open session at 11:16am.

Items moved from Confidential:

10.04 Risk Management Framework Audit Report

Moved: Cr Sidey
Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee:

1. receive and note the Risk Management Framework Audit Report, at Attachment A;
2. note that an update on the Risk Management Framework Audit, including management responses, will be presented to RMAC at its next meeting in August; and
3. make public its resolution on this matter.

CARRIED (4-0)

10.01 Confirmation of Confidential Minutes

Moved: Cr Sidey
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee:

1. confirm the full minutes, 3 pages, of the confidential portion of the Risk Management and Audit Committee Meeting held Thursday 29 February 2024; and
2. make public its resolution on this matter.

CARRIED (3-0)

10.02 Local Government Compliance Review 2022 – Audit Close Out

Moved: Chairperson Greg Arnott
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee:

1. note the correspondence received from the Local Government Division, Department of the Chief Minister and Cabinet dated 6 December 2023 as at Attachment A;
2. note the correspondence sent to the Local Government Division, Department of the Chief Minister and Cabinet dated 19 January 2024 as at Attachment B;
3. note the correspondence received from the Local Government Division, Department of the Chief Minister and Cabinet dated 12 March 2024 as at Attachment C;
4. note the Local Government Division, Department of the Chief Minister and Cabinets confirmation that corrective actions required to address all Issues raised in the Compliance Review 2022 are complete;
5. acknowledge and thank management and staff for their contribution to this process; and
6. make public its resolution on this matter.

CARRIED (4-0)

10.02 Interim Audit Report – for year ended 30 June 2024

Moved: Independent Member Shane Smith
Seconded: Chairperson Greg Arnott

THAT the Risk Management and Audit Committee:

1. receive and note the KPMG Interim Audit Report for year ended 30 June 2024, as at Attachment A; and
2. make public its resolution on this matter.

CARRIED (4-0)

Cr Sidey left the meeting at 11:16am

11. CLOSE OF MEETING

The Chair closed the meeting at 11:17am.

MINUTES TO BE CONFIRMED

Thursday 29 August 2024

.....
Chairperson
Greg Arnott

5. Business Arising from the minutes

THAT Council receives and notes the Action Sheet.

Meeting Date	Agenda Item & Resolution	Action Officer	Status
31/05/2023	<p>8.03 Risk Register</p> <p>encourages the finalisation of the draft Roads Maintenance Inspection Program in response to RP15, Inadequate Asset Sustainability Practices, requirement.</p>	CEO	Remains outstanding.
06/09/2023	<p>9. Other Business</p> <p>THAT the Risk Management and Audit Committee recommended that the emerging risks entailed in:</p> <ol style="list-style-type: none"> 1. Cost increases for waste management; and 2. The management of counter disaster responses, be referred to the Risk Register Internal Auditor; and <p>That this matter be included in the Key Issues Summary to Council.</p>	CEO	Item to be raised during the risk register review.
30/05/2024	<p>8.2 FIN08 Risk Management Policy</p> <p>THAT the Risk Management and Audit Committee endorse the draft FIN08 Risk Management Policy, at Attachment A, for presentation to the June Ordinary Council Meeting.</p>	CEO	Completed – Draft FIN08 Risk Management Policy presented to Council on 18 June 2024 and was subsequently adopted.
30/05/2024	<p>9.1 Engagement of External Auditors</p> <p>THAT the Risk Management and Audit Committee:</p> <ol style="list-style-type: none"> 1. request that the policy relating to the appointment of external auditors be brought to the 29 August 2024 RMAC meeting for review; and 2. request Management investigate if there should be provision in the policy for exclusion for appointment of auditors for other Council work. 	CEO	Completed – Presented in this agenda at item 10.03.

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



RMAC REPORT

Agenda Item Number:	8.01
Report Title:	Internal Audit Plan
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	29/08/2024
Attachments:	A: Internal Audit Plan

Executive Summary

The purpose of this report is to provide an update to RMAC on the progress of the internal audits.

Recommendation

THAT RMAC receive and note the progress on the internal audits.

Background

In accordance with Council's Risk Management Governance Framework, internal and external audits is one of the three lines of defence for the management of risk. It provides independent assurance to the Council, Risk Management and Audit Committee and Management on the effectiveness of business operations.

Internal Audit: Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Risk Management and Audit Committee.

External Audit: Appointed by the Council on the recommendation of the Risk Management and Audit Committee to report independently to the Mayor and CEO on the annual financial statements.

In accordance with the internal audit plan, at Attachment A, there are two internal audits overdue from the 2021-22 financial period and two audits from the 2023-24 financial period. Below is an update on each audit.

Council's Reserve Management Arrangements

Council has requested Council staff to engage a consultant or auditor to determine the cost of maintaining Council's eight recreation reserves. The consultant is progressing works with a draft for the first reserve expected in November. The internal audit of Council's reserve management arrangements has been delayed whilst this work is undertaken. Furthermore, a review of all leases, licences and user agreements is currently being undertaken.

Council's Road Inspection Regime

A consultant has been engaged to develop a road inspection regime for Council, and works are progressing. An audit cannot be carried out until the regime has been finalised and implemented. The audit will remain on the internal audit schedule until complete.

Cyber Security

Council is taking steps to increase security in two areas that have been identified as high risk due to a lack of mitigation in the Essential Eight report presented to RMAC in February 2024. To achieve this, the council is introducing a Security Essentials Managed Security Services Agreement which will cover Application Control, Vulnerability Management, and Virtual CISO as a Service. This arrangement will enhance the council's information security management and help ensure compliance with the ACSC Essential Eight Framework, as identified in the recent audit.

Management has opted to include Virtual CISO as a Service, which will provide biannual audits and reviews of Essential Eight compliance without the need to undertake an additional audit process. Test versions of this software will be rolled out in September 2024.

Risk Register Audit

The confidential section of this agenda provides an update on the Risk Register audit, conducted in April 2024.

Work has yet to begin for the audits scheduled for the 2024-25 period.

Links with Strategic Plan

Performance - An Effective and Efficient Organisation

Legislative and Policy Implications

This item is consistent with FIN08 Risk Management and FIN09 Risk Management and Audit Committee.

Risks

Nil identified.

Financial Implications

Budget allowances are made for internal audits.

Community Engagement

Not applicable.

Internal Audit	Status	FY	Description	Risk Profile	Risk Rating	Control Rating
Audit and review of Council's reserve management arrangements	Underway	21/22	Council has been managing Howard Park and Knuckeys reserves since 2015 with five other reserves managed by local associations. This review will examine the reserve management arrangements and make recommendations as to the risks to Council.	RP10 - Ineffective Management of Public Facilities / Venues / Events	Moderate	Inadequate
Audit of compliance with Roads Inspection Regime	Underway	21/22	Council has a regime of roads inspection determining intervals, level of inspection and documentation required. The audit will identify if the regime is adhered to and is appropriately mitigating risk for Council.	RP15 - Inadequate Asset Sustainability Practices	Moderate	Inadequate
Audit of the implementation of the 2019 work health and safety management framework	Completed	22/23	Litchfield Council initiated a Council wide WHS review in 2019 in order to address a Risk Control Action which identified the requirement to undertake a review on the existing health and safety management systems used by Council and to identify and implement new systems as required. This audit will assess the level of implementation and effectiveness of the WHS framework developed as result of the 2019 review	RP8 - Inadequate Safety and Security Practices	High	Inadequate
Audit of Councils Human Resource policies for legislative compliance	Not required – Compliance Review was undertaken by NTG	22/23	An updated Local Government Act will be enacted in July 2021. A component of this Act requires Councils to adopt a series of HR principles in the form of a policy. This Audit will conduct a desktop review of Councils HR polices to assess if the policies are fit for purpose and compliant with relevant legislation. The outcome of this audit will inform the risk rating for the risk profile RP16	RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate
Audit of the Payroll system in comparison to the current Enterprise Agreement	Completed	22/23	Following internal inconsistencies in the payroll area, an audit is required to identify where payroll is incorrect when compared to the current Enterprise Agreement and calculate the correct payments that should be made for employees.	RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate

Cyber Security	Underway	23/24	Action two items identified in ACSC Essential 8 Maturity testing	RP5 – External Theft and Fraud (inc Cyber Crime)	Moderate	Adequate
Risk Register	Underway	23/24	Audit Council's risk register for appropriateness		N/A	N/A
Asset Management	Not progressed	24/25	Audit of how Council does Asset Management to identify the gaps and risks associated.	RP15 - Inadequate Asset Sustainability Practices	Moderate	Inadequate



RMAC REPORT

Agenda Item Number:	8.02
Report Title:	FIN05 Debt Recovery
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	29/08/2024
Attachments:	A: FIN05 Debt Recovery

Executive Summary

This report presents to the Risk Management and Audit Committee the amended FIN05 Debt Recovery.

Recommendation

THAT the Risk Management and Audit Committee endorse the draft FIN05 Debt Recovery, at Attachment A, for presentation to the September Ordinary Council Meeting.

Background

FIN05 Debt Recovery, presented in Attachment A, is due for review in August 2024 in accordance with its four-year review date. The policy has now been reviewed with only minor formatting and legislative reference changes.

Links with Strategic Plan

Performance - An Effective and Efficient Organisation

Legislative and Policy Implications

Policy reviewed in accordance with *Local Government Act 2019, Local Government (General) Regulations 2021* and relevant Ministerial Guidelines.

Risks

Governance

FIN05 Debt Recovery currently refers to infringements processed under the *Fines and Penalties (Recovery) Act* by the Fines Recovery Unit (FRU). As recently communicated to the wider community, FRU have determined that the enforcement orders and sanctions issued by FRU is non-compliant with the *Fines and Penalties (Recovery) Act*. Once the matter is resolved, Council will review FIN05 Debt Recovery to confirm any changes.

Financial Implications

Not applicable.

Community Engagement

Not applicable.

Debt Recovery **POLICY FIN05**

Name	FIN05 Debt Recovery
Policy Type	Council
Responsible Officer	Manager Corporate Services
Approval Date	19/08/2020 17/09/2024
Review Date	19/08/2024 16/09/2028

1. Purpose

This policy sets out a clear, equitable, accountable and transparent process that Council will follow for its debt management and collection practices. The Policy will ensure that proper records are kept of debts owed to Council in line with the *Local Government Act* ~~2019~~*Northern Territory* and corresponding Regulations.

2. Scope

This policy applies to all Council employees and all debts to Council.

3. Definitions

For the purposes of this Policy, the following definitions apply:

Term	Definition
Council	Refers to Litchfield Council
The Act	The term refers to the <i>Local Government Act</i> Northern Territory <i>2019</i>
Debt	The amount of money owed by the debtor as a result of transaction with Council
Debtor	Any individual, corporation, organisation or other entity owing money to Council.
Risk	The possibility of non-payment of the debt by the debtor when the amount is due. The likelihood of non-payment increases with the age of the debt.
Write off	The accounting procedure for cancelling debt that is no longer collectable resulting in its removal from Council's balance sheet.
Rates	For the purpose of this policy the term is defined in line with Section 252 <i>168</i> of the Act.

Provision for Doubtful Debts	The accounting procedure for recognising the estimated value of debts that <u>may</u> end up being uncollectable.
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4. Policy Statement

4.1 Staff Responsibilities

- 4.1.1. Council will ensure that all related debts are managed fairly and equitably. Maximum possible collection targets are sought by Council. All debtors are shown utmost respect, courtesy and diligence in all dealings. All debt collection arrangements are treated as strictly confidential.
- 4.1.2. Principles of risk management will underpin decisions made in relation to debt management. To reduce the risk of non-payment of debt, a structured collection and collection process will be applied.

4.2 Debt Records

- 4.2.1. In line with Local Government (General) Regulations 2021 proper records of debts owed to Council are kept by computer and are arranged by:
- category of debt; and
 - age of debt.
- 4.2.2. The following categories of debt are recorded:
- rates debtors;
 - infringement debtors; and
 - sundry debtors.
- 4.2.3. The following categories of age are recorded:
- current balance (not overdue – invoice date equals report date);
 - 30 days balance (due – invoice date is 1 to 30 days smaller than the report date);
 - 60 days balance (overdue – invoice date is 31 to 60 days smaller than the report date);
 - 90 days balance (overdue – invoice date is 61 to 90 days smaller than the report date);
 - over 91 days' balance (overdue – invoice date is more than 90 days smaller than the report date).
- 4.2.4. Each category of debt, by its particular name, requires distinct methods of debt collection processing. Each category is considered individually hereunder.

4.3 Rates Debtors

4.3.1. Definition:

Rates Debtors have incurred a debt of Rates. For the purpose of debt collection, the definition of Rates follows the Act.

4.3.2. Payment Terms:

In line with the Act Council allows payment by instalments per financial year. The Act states that if a ratepayer defaults in payment of an instalment by the due date, all remaining instalments become immediately due and payable.

4.3.3. Penalty Interest:

In line with the Act interest will accrue on unpaid rates at the relevant interest rate. The relevant interest rate will be set by Council annually. A remission of interest may be granted in individual circumstances under the Rate Concession Policy.

4.3.4. Debt Collection Process:

- Rates Notice:

In accordance to the Act Council will issue rates notices at least 28 days before the first instalment of the rates falling due.

- Instalment Reminder Notice:

Council will issue Reminder Notices before each further instalment thereafter.

- Overdue Reminder Letter:

Council will issue an overdue reminder letter (letter of demand) after instalment due dates advising the debtor to contact Council to arrange payment in full or by instalments within 14 days and that failure to do so will result in the debt being forwarded to an external debt collection agency and possible legal action.

- External Debt Collection Agency:

Failure to contact Council to resolve rates arrears will result in the engagement of an external debt collection agency. All incurred expenses will be charged to the relevant rates debtor and recovered in full.

- Overriding statutory charge:

In accordance to the Act rates become a charge on the land if not paid by the due date. After rates have been in arrears for at least 6 months, council may apply for registration of the charge over the land to which the charge relates. All incurred expenses will be charged to the relevant rates debtor and recovered in full.

- Sale of land:

Council reserves the right to sell land for non-payment of rates as outlined in the Act if rates have been in arrears for at least 3 years, and an overriding charge has been registered for at least 6 months. Council will employ legal representatives in the process. All incurred expenses will be charged to the relevant rates debtor and recovered in full.

4.3.5. Payment Arrangements:

Council may enter into payment arrangement with any ratepayer. Those agreements are made on an individual basis depending on the situation and payment history of a rates debtor. With payment arrangements penalty interest for overdue rates will continue to accrue unless a rate concession has been granted to the rates debtor (refer to Rate Concession Policy).

4.3.6. Debt Write Off

Council may by resolution, write off unpaid rates or some other debt owed to council.

4.3.7. Reporting

As part of the monthly finance report council receives information about rates outstanding as per instalment date and as per financial year. The report will outline debts written off and a summary of rates debtors in the debt collection process.

4.3.8. Provision for Doubtful Debts:

Rates are a charge over the land, therefore provision for doubtful debt for rates debt will only be established if the origin of the debt is doubtful and not if it is doubtful that the rates can be recovered from the current landowner.

4.4 Infringement Debtors

4.4.1. Definition:

Infringement Debtors have incurred a debt of regulatory nature. For the purpose of this policy an Infringement debt can include one or more of the following:

- Animal Infringement
- Other Law and Order Infringement

4.4.2. Payment Terms:

In accordance with the Fine and Penalties Recovery Act [2001](#), any infringement issued by Council under the Legislation allows the alleged offender 14 days to pay the prescribed amount. Payment must be made in full, no part payments will be accepted.

4.4.3. Penalty Interest:

Council is not applying penalty interest to the outstanding debt of infringement debtors.

4.4.4. Debt Collection Process:

If payment is not received within 14 days, a courtesy letter will be issued with an additional administration cost requiring payment within 28 days of receiving the letter. Unpaid infringements can be lodged with the Fines Recovery.

4.4.5. Payment Arrangements:

Fines can only be paid in full to Council. If an unpaid infringement is lodged by Council with the Fines Recovery Unit, they are the competent authority that manages payment arrangements.

4.4.6. Debt Write Off:

The cancellation or withdrawal of an infringement notice may only be authorised by an officer holding the appropriate delegation. Withdrawal of an infringement may also occur after a written appeal has been submitted to Council against the alleged offence.

4.4.7. Reporting:

As part of the monthly Finance Report Council is informed about the outstanding infringement debt categorised by infringement type.

4.4.8. Provision for Doubtful Debts:

A provision for Doubtful Debt is made, if a person who receives an infringement chooses to have the matter dealt with by the Courts.

4.5 Sundry Debtors

4.5.1. Definition:

Sundry Debtors have incurred a debt for other Goods and/or Services delivered by Council. For the purpose of this policy a Sundry debt can include one or more of the following:

- User Fees and Charges;
- Statutory Charges;
- Investment Income;
- Reimbursements;
- Other Income; and
- Grants, Subsidies and Contributions.

4.5.2. Payment Terms:

Payment terms for all Sundry debtors are 30 days from the date of invoice. Where appropriate, prepayment, bonds or deposits will be required prior to Council commencing the supply of goods or services. Council reserves the right to request full payment in advance depending on a debtor's payment history.

4.5.3. Penalty Interest:

Council may apply penalty interest to the outstanding debt of sundry debtors.

4.5.4. Debt Collection Process:

- Monthly Statements:

Sundry Debtors are issued with statements of all outstanding debt at the end of each calendar month.

- Reminder Letter:

When deemed appropriate, Council may issue Reminder Letters to sundry debtors to inform of an overdue amount and advise of possible legal actions.

- External Debt Collection Agency:

Council may involve an external debt collection agency for issuing reminder letters or other legal actions. All incurred expenses will be charged to the relevant sundry debtor and recovered in full.

4.5.5. Payment Arrangements:

Council may enter into payment arrangement with any sundry debtor. Those agreements are made on an individual basis depending on the situation and payment history of a sundry debtor.

4.5.6. Debt Write Off:

Council may by resolution; write off unpaid debt owed to council.

4.5.7. Reporting:

As part of the monthly finance report council receives information about sundry debts outstanding categorised by age.

4.5.8. Provision for Doubtful Debts:

Where the recovery of debt is unlikely prior to completing all steps listed in the debt collection process (i.e. where the debtor is bankrupt or in liquidation), a provision shall be made in line with the Australian Accounting Standards.

5. Associated Documents

Delegation Manual
FIN06 Rates Concession Policy

6. References and Legislation

Northern Territory Local Government Act [2019](#)
Northern Territory Local Government (General) Regulations [2021](#)
Ministerial Guidelines
[Fine and Penalties Recovery Act 2001](#)

7. Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
15/02/2017	Establishment from prior policy
19/08/2020	Removal of section reference to the act and procedural content
09/08/2021	Minor administrative changes made, including formatting and new regulation titles. Policy review date to remain the same.
17/09/2024	Minor changes to legislation references.



RMAC REPORT

Agenda Item Number:	8.03
Report Title:	FIN09 Risk Management and Audit Committee Policy
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	29/08/2024
Attachments:	A: FIN09 Risk Management and Audit Committee Policy

Executive Summary

This report presents to the Risk Management and Audit Committee the amended FIN09 Risk Management and Audit Committee Policy.

Recommendation

THAT the Risk Management and Audit Committee note the draft FIN09 Risk Management and Audit Committee Policy, at Attachment A, that was adopted by Council at its August Ordinary Council meeting.

Background

FIN09 Risk Management and Audit Committee policy, presented at Attachment A, provides for the terms of reference for Council's Risk Management Audit Committee (RMAC). Following a review of the composition of the RMAC, Council requested that the membership be increased.

The policy was amended to allow for an additional councillor to be appointed to the committee (three councillors in total) and subsequently presented to Council at its August Ordinary Meeting. The following resolution was carried;

13.01.03 FIN09 Risk Management and Audit Committee Policy

THAT Council:

- 1. adopts draft FIN09 Risk Management and Audit Committee policy, as at Attachment A; and*
- 2. authorises the Chief Executive Officer to make minor editorial changes.*

CARRIED (5-0) ORD2024 11-177

Furthermore, in the confidential section of its August Ordinary Meeting, Council carried the following resolution;

15.01.02 Composition of the Risk Management and Audit Committee

THAT Council:

1. *appoint Councillor Wright and Deputy Mayor Harlan to the Risk Management and Audit Committee for the remainder of the current term of Council; and*
2. *make public its resolution on this matter.*

CARRIED (5-0) ORD2024 11-188

Links with Strategic Plan

Performance - An Effective and Efficient Organisation

Legislative and Policy Implications

As per section 86 of the *Local Government Act 2019*, a council must maintain an audit committee to;

- a) Monitor and review the integrity of the council's financial management;
- b) Monitor and review internal controls; and
- c) To make recommendations to the council about matters the committee considers require the council's consideration as a result of a) and b).

Risks

Nil identified.

Financial Implications

Not applicable.

Community Engagement

Not applicable.

Risk Management & Audit Committee **FIN09**

Name	FIN09 Risk Management & Audit Committee
Policy Type	Council
Responsible Officer	Chief Executive Officer
Approval Date	24/04/2023
Review Date	23/04/2027

1. Purpose

This Policy sets out the terms of reference for the Risk Management and Audit Committee pursuant to Part 5.3 of the *Local Government Act 2019*.

2. Scope

The Risk Management and Audit Committee is an advisory committee of Council responsible for monitoring the compliance by Council with the proper standards of financial management, and compliance by Council with the *Local Government (General) Regulations* and the Accounting Standards. In addition, the Committee monitors, reviews, and advises the Chief Executive Officer on compliance, risk management and policy matters, and acts as an independent line of reporting by the auditor to Council.

3. Definitions

For the purposes of this Policy, the following definitions apply:

Committee	This term refers to the Risk Management and Audit Committee.
The Act	The term refers to the Northern Territory <i>Local Government Act 2019</i>
Regulations	This term refers to the Northern Territory <i>Local Government (General) Regulations 2021</i> .

4. Policy Statement

4.1. Membership

- 4.1.1. The Committee shall consist of at least one independent member and at least two, with a maximum of three, Elected Members of Council not including the Mayor.
- 4.1.2. The chairperson of the committee must be an independent member.
- 4.1.3. The Chief Executive Officer (CEO) shall provide an agenda for each meeting, with the Executive Assistant to the CEO providing secretariat services. The Chief Executive Officer and relevant staff will be invited to attend each Committee meeting.

4.1.4. Council's external and internal auditors may be invited to attend meetings of the Committee.

4.2. Appointment and Termination of Committee Members

4.2.1. Appointment to the Committee from among the Elected Members of Council can be for a period of up to four years, or until the end of the term of the Council. Elected Members appointed to the Committee cease being a member of the committee if they are no longer an elected member of the Council.

4.2.2. Independent member(s) of the Committee shall be appointed for a period of up to four years, commencing part-way through an election cycle where possible, so that their terms overlap each Council election and provide some continuity. Appointees may be reappointed by Council. Independent members can be terminated by the Council subject to the appointment agreement.

4.2.3. The selection process for the independent member (s) should consider the following factors when assessing the applicants:

- Level of understanding of local government and the environment in which they operate;
- Level of knowledge and practical exposure on governance and financial management practices;
- Capacity to dedicate adequate time on the committee;
- Depth of knowledge of regulatory and legislative requirements; and
- Ability to maintain professional relationships with staff, council members and other stakeholders.

4.2.4. Members are to be appropriately onboarded to the committee.

4.3. Voting Right of Committee Members

4.3.1. Only members of the Committee are entitled to vote in the Committee meetings. All Committee members have equal voting rights. Unless otherwise required (by the conflict of interest provision in the Act) and each member must vote on every matter that is before the committee for decision.

4.3.2. Where a vote is taken and the result is undecided the chairperson has the casting vote.

4.4. Remuneration Committee Members

4.4.1. Independent members shall be remunerated for the preparation and attendance at each Committee meeting at the C1 daily rate identified in the Northern Territory Government Statutory Bodies Classification as amended from time to time.

4.4.2. Elected members serving on the Committee shall be remunerated in accordance with EM05 Council Member Allowances and Support policy.

4.5. Committee Performance and Review

- 4.5.1. The chairperson, in consultation with the Chief Executive Officer, will initiate a self-assessment review of performance of the committee at least once every four years.
- 4.5.2. The review will be conducted on a self-assessment basis with appropriate input sought from the Chief Executive Officer, the auditors, Elected Members, management and any other relevant stakeholders, as determined by the Chief Executive Officer.

4.6. Quorum

- 4.6.1. The quorum for the transaction of business shall be one independent member and one committee member that is a member of the Council. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all of the authorities, powers and discretions vested in or exercisable by the Committee.

4.7. Meetings

- 4.7.1. Where agenda items are addressed in confidential, this shall be done in compliance with section 51 Confidential Information of the *Regulations*.
- 4.7.2. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and observers, no later than three clear days before the date of the meeting.
- 4.7.3. The committee shall meet a minimum of four times per year as per a meeting schedule set at the last meeting of the previous year to accommodate the reporting and audit cycle.

4.8. Minutes of Meetings

- 4.8.1. The CEO shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of all Regulations.
- 4.8.2. Minutes shall be circulated within five days after a meeting to all members of the Committee and will (as appropriate) be made available to the public within ten business days after the meeting on the Council's website.
- 4.8.3. The CEO maintains a register of audit report recommendations and action taken to address these recommendations. The Committee considers any follow-up action required pursuant to the report or the implementation of report recommendations.
- 4.8.4. The CEO shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.
- 4.8.5. Following the meeting, the minutes shall be tabled at the next Council meeting, in accordance with the Act. Any recommendations and key issues from the Committee shall also be discussed.

4.9. Role of the Committee

4.9.1. Financial Reporting

4.9.1.1. The Committee shall monitor the integrity of the

- annual financial statements of the Council, reviewing significant financial reporting issues and judgements which they contain; and
- the annual report.

4.9.1.2. The Committee shall review and challenge where necessary:

- The consistency of, and/or any changes to, accounting policies;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- All material information presented with the financial statements.

4.9.2. Internal Controls and Risk Management Systems

The Committee shall:

- Keep under review the effectiveness of the Council's internal controls and risk management systems; and
- Review and recommend the approval, where appropriate, of any material to be included in the annual report concerning internal controls and risk management; and
- Review and challenge where necessary the consistency of, and/or any changes to, Council's governance policies.

4.9.3. Fraud Protection

4.9.3.1. Review the effectiveness of the Fraud Protection Plan established by the Chief Executive Officer pursuant to Section 6(1)(d)(i) of the Local Government (General) Regulations.

4.9.4. Internal Audit

The Committee shall:

4.9.4.1. Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;

- 4.9.4.2. Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 4.9.4.3. Review all reports on the Council's operations from the internal auditors;
- 4.9.4.4. Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 4.9.4.5. Where appropriate, meet with an internal auditor as required without management present, to discuss any issues arising from an internal audit that has been conducted. In addition, the Internal Auditor shall be given the right of direct access to the Principle member of the committee.

4.9.5. External Audit

The Committee shall:

- 4.9.5.1. Monitor the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;
- 4.9.5.2. Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor.
- 4.9.5.3. Monitor Council's relationship with the external auditor including, but not limited to:
 - Recommending the approval of the external auditor's remuneration, covering fees for both audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - Recommending the approval of external auditor's terms of engagement,
 - including any engagement letter issues at the commencement of each audit and the scope of the audit;
 - Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business); and
 - Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Audit Committee's own internal quality procedures);

- 4.9.5.4. Meet the external auditor at least once a year and more often as needed, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 4.9.5.5. Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;
- 4.9.5.6. Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - A discussion of any major issues which arose during the external audit;
 - Any accounting and audit judgements, and
 - Levels of errors identified during the external audit.
- 4.9.5.7. Review the effectiveness of the external audit;
- 4.9.5.8. Review any representation letter(s) requested by the external auditor before they are signed by management;
- 4.9.5.9. Review the subsequent audit management letter from the external auditor and management's proposed response, by Council, to the external auditor's findings and recommendations in that audit management letter.

4.10. Conflict of Interest

- 4.10.1. Committee members must declare any real or perceived conflicts of interest when joining the committee, annually and at the start of each meeting before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.
- 4.10.2. Where a Committee member is deemed to have a real or perceived conflict of interest, at the chairperson's discretion, it may be appropriate that the person is excused from committee deliberations on the agenda item where a conflict of interest exists, or if necessary excused from the meeting.

4.11. Committee Access to Council Records and Resources

- 4.11.1. The Chief Executive Officer will provide the necessary council records and reports for the audit committee to undertake its role and responsibilities subject to any confidentiality provisions in the Local Government Act or other legislative provisions.
- 4.11.2. With consideration of legal and confidentiality implications, via the Chief Executive Officer the Committee is authorised to:
 - Obtain any information it requires from any employee and/or external party.
 - Discuss any matters with the external auditor, or other external parties.
 - Request the attendance of any employee at committee meetings.

- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, contingent on a decision by Council to fund such advice.

4.11.3. The audit committee has no authority to procure resources independently of council.

4.12. Review of Terms of Reference

4.12.1. Every four years the committee will review its Terms of Reference to ensure it is consistent with the perceived needs of the council. This review will be in consultation with the Chief Executive Officer.

4.12.2. The outcome and recommendations will be given to council as part of this policy to consider.

4.12.3. While the Committee is required to review these Terms of Reference and make recommendations to Council, it has no power or authority to amend or alter the committee’s Terms of Reference.

5. Associated Documents

Litchfield Council Policies

6. References and Legislation

Local Government Act and associated Regulations, Ministerial Guidelines and General Instructions.

7. Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
19/11/2015	Policy Adopted
18/10/2017	Policy reviewed (Decision No. 1718/089) to remove reference to individual member performance review
20/11/2019	Policy updated (Decision No. 1920-097). Public access to meeting, policy review cycle, external auditor meetings.
09/08/2021	Minor administrative changes made, including formatting and new regulation titles. Policy review date to remain the same.
24/04/2023	Policy updated to include scope for further independent member, onboarding process, provisions to review governance policies and minor administrative changes.
20/08/2024	Policy amended to allow additional councillors. Review date to remain the same.

9. Other Business

10. Confidential Items

Pursuant to Section 93 of the Local Government Act and Regulation 51 of Local Government (General) Regulations the meeting be closed to the public to consider the following confidential items:

10.01 Confirmation of Confidential Minutes

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(d) information subject to an obligation of confidentiality at law, or in equity.

10.02 Risk Management Framework Audit – Management Responses

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(c) information that would, if publicly disclosed, be likely to:

(i) cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or

(ii) prejudice the maintenance or administration of the law; or

(iii) prejudice the security of the council, its members or staff; or

(iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

10.03 Engagement of External Auditors

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(c) information that would, if publicly disclosed, be likely to:

(i) cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or

(ii) prejudice the maintenance or administration of the law; or

(iii) prejudice the security of the council, its members or staff; or

(iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

